

# New Jersey Turnpike Authority

## Financial Summary

### For the Two Months Ended February 29, 2016

<b>ACTUAL REVENUE - January - February</b>	\$ 255,462,000
<b>ESTIMATED REVENUE - March - December</b>	1,498,627,000
<i><b>Projected Annual Revenue</b></i>	<u>\$ 1,754,089,000</u>
 <b>ESTIMATED ANNUAL OPERATING EXPENSES</b>	 519,423,900
<i><b>Projected Net Revenue</b></i>	<u>\$ 1,234,665,100</u>
 <b>DEBT SERVICE REQUIREMENTS</b>	 794,359,000
<b>CHARGES FUND</b>	155,000
<b>SPECIAL PROJECT RESERVE FUND</b>	38,918,000
<b>MAINTENANCE RESERVE FUND</b>	89,370,000

The following un-audited results are for the two months ended February 29, 2016.<sup>1</sup> Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2016, the Authority is projected to have a debt service coverage ratio of 1.55 and a total requirements coverage ratio of 1.34.

The Authority's total revenue for the two months ended February 29, 2016 was \$255,462,000, which is \$7,677,000, or 3.1%, above projections. Toll revenue was \$221,058,000, which is \$5,197,000, or 2.4%, greater than the current projections due to a relatively mild winter and continued low gas prices. Revenue increased in spite of the impact of winter storm Jonas which occurred on January 23-24, 2016. Toll revenue loss due to Jonas is estimated to be \$5,521,000. Gas prices averaged \$0.44 /gallon lower in February 2016 as compared to February 2015 and have now declined for eight (8) consecutive months. The increase in total revenue was also due in part to higher than anticipated revenue from concessions and E-ZPass fees. Concession revenue, which totaled \$6,040,000, was \$559,000, or 10.2% above projections due to higher gasoline sales that occurred due to the increased traffic. E-ZPass fees were \$9,502,000, which were \$796,000, or 9.1% above projections due to increased membership fees and higher collection of administrative fees from toll violators.

For the two months ended February 29, 2016, traffic on the New Jersey Turnpike increased 8.6% and toll revenue increased 8.3% as compared to the same period in 2015. The increases in traffic and revenue are due to milder winter weather, lower gas prices and an extra leap year day in 2016. Traffic and revenue were negatively impacted by winter storm Jonas which occurred on January 23-24, 2016. The storm resulted in 925,000 fewer transactions and \$3,977,000 in lower revenue when compared to similar days in January. When adjusting for the impacts of this storm, traffic and revenue would have increased 10.4% and 10.0%, respectively. CDM Smith, the Authority's traffic engineer, released a draw down letter in October 2015 updating the short-term projections of its investment grade study released in May 2014. CDM Smith projected 2016 annual traffic and revenue growth on the Turnpike of 2.4% and 2.7%, respectively. Both actual and adjusted results compare favorably to CDM Smith's projected increase for the two months of 2016 of 6.4% for both traffic and toll revenue. Through February 2016 the E-ZPass usage rate on the New Jersey Turnpike was 83.2%, an increase from 82.4% for the same period in 2015.

For the two months ended February 29, 2016, toll transactions on the Garden State Parkway increased 8.3% and revenue increased 8.4% when compared to the same period in 2015. Toll transactions and revenue increased due to less severe weather conditions in February 2016, consistently lower gas prices and the extra leap year day. As with the New Jersey Turnpike, toll transactions and revenue were negatively impacted by winter storm Jonas, resulting in 1,420,000 fewer toll transactions and \$1,544,000 in lower revenue. When adjusting for this storm, Parkway traffic and revenue would have increased 10.3% and 10.4%, respectively. CDM Smith's 2016 forecast projected toll transactions to remain flat from 2015 and for revenue to increase 0.5% on the Garden State Parkway. Both actual and adjusted results for the two months ended February 29, 2016 were well above the projected increases for the period of 4.0% for both toll transactions and revenue. Through February 2016 the E-ZPass usage rate on the Garden State Parkway was 79.5%, an increase from 78.7% for the same period in 2015.

<sup>1</sup> These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Operating expenses for the two months ended February 29, 2016 were approximately \$80,071,000, which was 93.7% of the year-to-date budget. The Authority's February operating expenses are under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$19,253,000 for snow and severe weather costs through February 2016, with \$8,503,000 spent from the operating expense budget and an additional \$10,750,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget with the exception of declared state of emergency events which are charged to the General Reserve Fund. Operating expenses were also under budget due to lower than expected fuel and utility costs, as gas prices continued to decline and temperatures were above average which reduced heating costs. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the two months ended February 29, 2016, total expenditures were approximately \$8,102,000. Expenditures included \$1,861,000 for Parkway Bridge Repairs, \$1,790,000 for Turnpike Bridge Repairs and \$1,268,000 for Turnpike Resurfacing. There are current commitments in the Capital Budget of \$76,302,000. In addition to the Capital Budget, the General Reserve Fund expenses totaled \$71,926,000 and consisted primarily of \$54,000,000 for the State Transportation Capital Plan and \$10,750,000 million for Extraordinary Snow costs related to winter storm Jonas.

Total expenditures in the Construction Fund for the two months ended February 29, 2016 were approximately \$76,654,000. Expenses included \$17,332,000 for the Authority's Phase I Facilities Improvement project, \$10,303,000 for the Turnpike Interchange 14A Reconstruction, and \$8,811,000 for the Authority Phase II Facilities Improvements Project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,101,219,000.